

15th Annual Report

Year Ending

MARCH 31st, 1938



Commercial Alcohols Limited

3176 Notre Dame Street East

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May 10, 1938.

To the Shareholders of Commercial Alcohols Limited.

Your Directors submit herewith your Company's Fifteenth Annual Report, together with the Balance Sheet as at March 31st, 1938, also statement of Profit and Loss and Surplus Account for the twelve month period ending on that date, prepared in accordance with the provisions of the Dominion Companies Act, 1934, and Amendments thereto.

An examination of the statement of Profit and Loss will show that a net profit of \$86,212.48 was earned before providing for depreciation and Income Tax, and in comparison with the two previous years, shows a decided improvement.

	Year ending March 31st		
	1938	1937	1936
Net Operating Profit.....	\$86,212.48	\$59,068.29	\$35,942.62
Depreciation.....	26,572.15	17,749.32	17,850.03
	\$59,640.33	\$41,318.97	\$18,092.59
Provision for Income Tax.....	10,710.02	7,309.62	2,866.27
	\$48,930.31	\$34,009.35	\$15,226.32

The response of the Preferred Shareholders in subscribing for 73,890 shares of Common Stock under the Compromise or Arrangement to compensate them for the cancellation of their claim for accrued dividends was most gratifying to your Board. Their subscriptions provided \$59,112.00 additional capital which enabled your Company to proceed with the extensions and improvements to its plant. The increased capacity and greater efficiency is well demonstrated in the earnings as shown on the Statements submitted. Dividends were paid on the new Preferred Stock commencing on October 15, 1937.

Your Directors consider the Company's operations during the year in review were very satisfactory. Prices were steady, and both the Alcohol and Magnesia Departments were able to show a substantial increase in sales. Your Directors are inclined to hold an optimistic outlook for business during the coming fiscal year, and while apparently the economic trend is still downward, it is encouraging that the main factors are definitely constructive. Your Company's products are not in the luxury class, and so are not subject to wide fluctuations during a business recession.

I, personally, together with the Directors, wish to express our appreciation of the faithful and efficient services rendered by the staff and employees.

On behalf of the Board,

C. G. KERTLAND,
President.

DIRECTORS

THOMAS ARNOLD	W. J. HENDERSON	JOHN IRWIN	C. G. KERTLAND
A. LAFONTAINE, K.C.	F. J. MANNING		J. A. WALES

COMMERCIAL ALCOHOLS LIMITED

Balance Sheet as at 31st March 1938

ASSETS			LIABILITIES		
Current Assets:			Current Liabilities:		
Cash on Hand and in Bank.....	\$ 30,273.83		Accounts Payable and Accrued Expenses.....	\$ 13,184.37	
Accounts Receivable, less Reserve.....	20,485.09		Provision for Taxes including Dominion and Provincial Income Taxes.....	10,983.15	
Inventories—Finished Products, Raw Materials and Supplies— As determined by actual count, weight or measurement and valued at cost.....	86,917.14		Preferred Dividend payable 15th April, 1938.....	5,000.00	\$ 29,167.52
	137,676.06		Reserve for Repurchase of Containers.....		4,490.11
Containers on Hand, less depreciation.....	14,579.62	\$152,255.68	Capital and Surplus:		
Deferred Charges:			Preferred Stock:		
Sundry Prepaid Expenses.....		4,443.04	Authorized, Issued and Fully Paid— 50,000—8% Cumulative, Convertible Redeemable Shares of a Par Value of \$5.00 each.....	250,000.00	
Fixed Assets:			Common Stock:		
Buildings, Plant and Equipment—at cost.....	332,792.71		Authorized:		
Less: Reserves for Depreciation.....	134,932.41	197,860.30	400,000 shares without nominal or par value.		
			Issued and Fully Paid—		
			103,400 shares as at 31st March, 1937.....	\$108,500.00	
			74,000 shares issued for cash.....	59,222.00	
			177,400 shares outstanding—31st March, 1938.....	167,722.00	
Rights and Contracts.....		111,152.09	Earned Surplus:		
			as per attached statement.....	14,331.48	432,053.48
			Contingent Liability:		
			Containers in the hands of Customers.....	\$32,291.04	
					\$465,711.11
		\$465,711.11			

APPROVED ON BEHALF OF THE BOARD:

C. G. Kertland } Directors.
Thomas Arnold }

AUDITORS' REPORT TO THE SHAREHOLDERS

We have examined the books and accounts of Commercial Alcohols Limited for the year ended 31st March, 1938, and we have obtained all the information and explanations which we have required.

We report that, in our opinion, the above Balance Sheet and relative Statement of Income and Expenditure and Earned Surplus are properly drawn up so as to exhibit a true and correct view of the state of the company's affairs, and the results of the operations for the year, according to the best of our information and the explanations given to us and as shown by the books of the company.

MONTREAL, 30th April, 1938.

(Signed) McDONALD, CURRIE & CO.,
Chartered Accountants.

COMMERCIAL ALCOHOLS LIMITED

GENERAL STATEMENT OF INCOME AND EXPENDITURE FOR THE YEAR ENDED 31st MARCH, 1938

Net Operating Profit for the Year.....		\$102,655.08
Deduct:		
Executive Salaries.....	\$ 13,750.00	
Directors' Fees.....	1,240.00	
Legal Fees.....	1,452.60	16,442.60
		86,212.48
Provision for Depreciation.....		26,572.15
		59,640.33
Provision for Dominion and Provincial Income Taxes.....		10,710.02
Net Profit for the Year—after providing for Depreciation and Income Taxes.		<u>\$48,930.31</u>

STATEMENT OF EARNED SURPLUS FOR THE YEAR ENDED 31st MARCH, 1938

Net Profit for the Year—after providing for Depreciation and Income Taxes.....	\$ 48,930.31
Deduct:	
Balance at debit of Profit and Loss Account as at 31st March, 1937....	19,598.83
	29,331.48
Preferred Dividends paid and payable.....	15,000.00
Balance at Credit of Profit and Loss Account as at 31st March, 1938....	<u>\$ 14,331.48</u>